

Attachment A-1

Verification of 2008-2010 Procurement Date Relative to the Vintage of the RECs

During the Energy Commission's RPS procurement verification process, staff occasionally reviews certain information from retail sellers' RPS contracts needed for verification of claims. During the 2008-2010 RPS procurement verification assessment, staff identified instances where retail sellers were claiming from contracts signed after 2010. For example, in one case, a retail seller was claiming RECs for the 2009 compliance year that had a 2009 vintage, but the claims were from a contract signed in 2011.

For reporting 2008-2010 procurement data, the *RPS Eligibility Guidebook*¹ (*RPS Guidebook*) states:

“The CEC-RPS-TRACK forms and/or WREGIS Compliance Reports are due to the Energy Commission on June 1 (or the next business day) of each year for reporting data for the previous calendar year. For the 2008 compliance year, these reports are due February 1, 2011 and for the 2009 compliance year, the reports are due May 1, 2011.”

The *RPS Guidebook*² addressed the CPUC's decision³ that established initial rules for how retail sellers and may use Tradable Renewable Energy Credits (TRECs) for RPS compliance and included requirements for tracking TRECs in WREGIS and that the generating facilities must be certified by the Energy Commission as RPS-eligible. The CPUC decision states that TRECs associated with RPS-eligible electricity generated on or after January 1, 2008, can be procured, traded, and used for RPS compliance. The *Guidebook* notes that TRECs cannot be used for RPS before the 2010 compliance year and directs retail sellers to submit supplemental WREGIS reports for 2010 procurement, as appropriate, to report TRECs from RPS-certified facilities tracked in WREGIS for 2010.

While both California Public Utilities Commission (CPUC) decisions regarding TRECs and Senate Bill X-1 2 allow for procurement from one year to be applied to a later year (or a compliance period), procurement from contracts executed after 2010 may not be used for compliance in years during the 2008-2010 reporting period. Therefore, 2009 vintage WREGIS certificates (RECs) procured under a 2011 contract may not be used for compliance until the first compliance period (2011-2013), and in no case can procurement made under a 2011 contract be applied to a compliance obligation prior to 2011.

¹ <http://www.energy.ca.gov/2012publications/CEC-300-2012-003/CEC-300-2012-003-CMF.pdf> (Fourth Edition p.67).

² <http://www.energy.ca.gov/2012publications/CEC-300-2012-002/CEC-300-2012-002-CMF.pdf> (Fifth Edition p.70).

³ CPUC Decision 11-01-025, January 13, 2011. Rulemaking 06-02-012, Order E, updating D.10-03-021 Section 4.11. http://docs.cpuc.ca.gov/PUBLISHED/FINAL_DECISION/129517.htm.

It is important to clarify that the execution date of a contract represents the first year for which the procurement can be applied and reporting entities should not report RECs for years that precede the contract execution date.

Energy Commission and CPUC staff will coordinate in the review of RPS procurement claims and the associated contract information (e.g., execution dates) to identify procurement reported for years 2008-2010 that should be associated with post-2010 RPS verification and compliance.

Energy Commission staff will attempt to resolve any discrepancies with the reporting entities. Any unresolved issues as a result of this review will be described in the forthcoming *Draft 2008-2010 RPS Procurement Verification Report*.